Exhibit 8-A

Audited Financial Statements of Sanford for the Five Fiscal Years Ended December 31, 2019 Through 2023

SANFORD™

Consolidated Financial Statements and
Supplemental Consolidating Information as of and
for the Years Ended December 31, 2020 and 2019,
and Independent Auditors' Report

SANFORD

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
50 South 6th Street
Suite 2800
Minneapolis, MN 55402-1538
USA

Tel:+1 612 397 4000
Fax:+1 612 397 4450
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Sanford
Sioux Falls, South Dakota

We have audited the accompanying consolidated financial statements of Sanford, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Sanford's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sanford's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sanford as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules listed in the table of contents on pages 34-40 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of Sanford's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

March 29, 2021

SANFORD

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 370,695	$ 189,315
Short-term investments	292,678	352,564
Accounts receivable, less allowances	682,554	684,236
Inventories	135,011	105,610
Other current assets	86,820	80,114
Total current assets	1,567,758	1,411,839
ASSETS HELD FOR SALE	99,590	102,386
INVESTMENTS	1,752,701	1,528,362
ASSETS WHOSE USE IS LIMITED	181,956	154,083
PROPERTY AND EQUIPMENT — NET	2,922,093	2,935,365
OTHER ASSETS		
Right of use asset	79,181	86,998
Investment in joint ventures	41,064	38,614
Non-operating property	131,951	127,318
Goodwill and intangible assets	84,903	83,133
Notes receivable	50,516	39,759
Other assets	70,860	69,792
Total other assets	458,475	445,614
TOTAL ASSETS	$ 6,982,573	$ 6,577,649

See notes to consolidated financial statements.

SANFORD

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 63,390	$ 63,444
Current portion of other liabilities	77,460	78,592
Accounts payable	134,862	148,241
Accrued compensation and benefits	298,794	284,841
Medical claims payable	84,323	92,207
Other accruals and deferred revenue	194,197	94,035
Total current liabilities	853,026	761,360
LIABILITIES HELD FOR SALE	36,432	40,123
OTHER LIABILITIES		
Operating leases	59,861	59,517
Deferred compensation	177,026	173,165
Defined benefit pension	66,543	62,942
Residential housing deposits	131,306	128,169
Other non-current liabilities	125,263	101,273
Total other liabilities	559,999	525,066
LONG-TERM DEBT, LESS CURRENT MATURITIES	1,473,244	1,531,815
Total liabilities	2,922,701	2,858,364
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
NET ASSETS		
Without donor restrictions - controlling interest	3,687,233	3,358,822
Without donor restrictions - non-controlling interest	26,159	24,347
With donor restrictions	346,480	336,116
Total net assets	4,059,872	3,719,285
TOTAL LIABILITIES AND NET ASSETS	$ 6,982,573	$ 6,577,649

See notes to consolidated financial statements.

SANFORD

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
OPERATING REVENUES		
Net patient revenue	$ 3,611,525	$ 3,602,719
Net resident revenue	809,376	832,697
Premium revenue	1,067,439	979,964
Other operating revenue	1,165,773	798,522
Total operating revenues	6,654,113	6,213,902
OPERATING EXPENSES		
Salaries and benefits	3,354,049	3,197,703
Supplies	1,102,115	1,025,381
Purchased services and other	925,942	894,888
Medical claims	676,541	635,482
Depreciation and amortization	244,812	240,337
Interest	57,560	63,040
Total operating expenses	6,361,019	6,056,831
INCOME FROM OPERATIONS	293,094	157,071
NON-OPERATING INCOME		
Investment return	87,986	118,782
Contributions from business combination	-	785,232
Loss on extinguishment of debt	(5,163)	(77,710)
Other expenses	(37,939)	(55,391)
Net non-operating income	44,884	770,913
EXCESS OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS	337,978	927,984
Loss from discontinued operations	(1,831)	(1,870)
Plus deficiency of revenues over expenses attributable to non-controlling interest	1,730	2,563
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST	$ 337,877	$ 928,677

See notes to consolidated financial statements.

SANFORD

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST		
Excess of revenues over expenses attributable to controlling interest	$ 337,877	$ 928,677
Net assets released from restrictions for acquisition of property and equipment	2,834	5,058
Pension plan related changes	(12,300)	(10,509)
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST	328,411	923,226
NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST		
Deficiency of revenues over expenses	(1,730)	(2,563)
Contributions from non-controlling interests	3,542	1,909
Contributions from business combination	-	25,001
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST	1,812	24,347
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	15,310	17,449
Investment return and other	13,535	19,543
Contributions from business combination	-	77,584
Net assets released from restrictions	(18,481)	(24,432)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	10,364	90,144
INCREASE IN NET ASSETS	340,587	1,037,717
NET ASSETS — BEGINNING OF YEAR	3,719,285	2,681,568
NET ASSETS — END OF YEAR	$ 4,059,872	$ 3,719,285

See notes to consolidated financial statements.

SANFORD

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 340,587	$ 1,037,717
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Net realized and unrealized market gain on investments	(68,196)	(102,953)
Depreciation and amortization	249,499	244,971
Pension plan related changes	12,300	10,509
Loss on extinguishment of debt	5,163	77,710
Contributions from business combination	-	(887,817)
Contributions into non-controlling interest	(621)	(1,605)
Contributions restricted for long-lived purposes	(7,225)	(9,071)
Other changes in net assets	19,996	(735)
Changes in other operating elements		
Accounts receivable and other assets	(34,811)	(36,790)
Accounts payable and other current liabilities	75,366	38,430
Deferred compensation liability	3,861	34,371
Other liabilities	12,257	(4,291)
Cash flows from continuing operating activities	608,176	400,446
Cash flows (used in) from discontinued operating activities	(5,580)	6,023
Cash flows from operating activities	602,596	406,469
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash and cash equivalents acquired through business combination	-	130,490
Acquisition of property and equipment	(234,992)	(241,387)
Proceeds from sale of property and equipment	915	27,466
Purchases of investments and deferred compensation assets	(604,969)	(503,362)
Proceeds from sale of investments and deferred compensation assets	481,112	411,852
Increase in other assets	(15,923)	(4,826)
Cash flows used in continuing investing activities	(373,857)	(179,767)
Cash flows from (used in) discontinued investing activities	1,585	(4,763)
Cash flows used in investing activities	$ (372,272)	$ (184,530)

(Continued)

SANFORD

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from issuance of short-term bridge loan	$ -	$ 655,007
Repayment of short-term bridge loan	-	(655,007)
Proceeds from issuance of long-term debt related to extinguishment	79,272	736,975
Bond premiums related to extinguishment	-	69,314
Extinguishment of long-term debt	(82,055)	(780,706)
Advance refunding escrows	(5,056)	(101,833)
Repayment of long-term debt	(53,855)	(57,572)
Net decrease of bond discounts, premiums and deferred financing costs	(5,781)	(7,793)
Proceeds from residential housing deposits and annuities issued	20,199	20,079
Refunds of residential housing deposits	(13,411)	(14,853)
Contributions into non-controlling interest	621	1,605
Proceeds from contributions restricted for long-lived purposes	7,225	9,071
Cash flows used in continuing financing activities	(52,841)	(125,713)
Cash flows from (used in) discontinued financing activities	3,687	(3,939)
Cash flows used in financing activities	(49,154)	(129,652)
INCREASE IN CASH AND CASH EQUIVALENTS	181,170	92,287
CASH AND CASH EQUIVALENTS — BEGINNING OF YEAR	203,967	111,680
CASH AND CASH EQUIVALENTS — END OF YEAR	$ 385,137	$ 203,967
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment funded through accounts payable	$ 12,564	$ 10,661
Property and equipment funded through long-term debt	-	4,945
Right of use asset financed by operating lease liabilities	15,082	14,410
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 56,835	$ 62,539
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash	$ 370,695	$ 189,315
Cash equivalents included in other current assets	733	2,240
Cash equivalents included in assets whose use is limited	13,709	12,412
	$ 385,137	$ 203,967

(Concluded)

See notes to consolidated financial statements.

(Dollar amounts in thousands)

1. NATURE OF ORGANIZATION

Sanford is a nonprofit corporation headquartered in Sioux Falls, South Dakota. Sanford and its wholly owned subsidiaries (collectively referred to as Sanford) is a regionally integrated network of physicians, hospitals, senior care, and healthcare management services. Sanford operates general acute care hospitals, critical access hospitals, primary and specialty care clinics, senior care and housing facilities, retail pharmacies, home health and hospice care programs, fully insured health insurance companies, weight management retail stores, research, and foundations supporting health related services. As of December 31, 2020, Sanford employed 1,525 physicians.

On January 1, 2019, Sanford became the sole corporate member of The Evangelical Lutheran Good Samaritan Society (the Society), a North Dakota nonprofit corporation headquartered in Sioux Falls, South Dakota. The Society, together with its affiliates, provides senior care services across the United States and operates skilled nursing facilities, residential housing for seniors, home and community-based health services and affordable housing projects. See Notes 18 and 20 for further information regarding the business combination and assets and liabilities held for sale and discontinued operations relating to affordable housing projects.

The consolidated financial statements include the accounts of Sanford, which incorporate both tax-exempt and taxable entities. All material intercompany balances and transactions have been eliminated in the consolidation.

OBLIGATED GROUP Sanford and certain of its wholly owned entities entered into a first amended and restated Master Trust Indenture (MTI) dated November 1, 2019. Members of the Obligated Group are jointly and severally obligated for the debt issued and guaranteed under the MTI. Sanford, as Obligated Group Agent, together with the following are members of the Obligated Group as of December 31, 2020:

Sanford Health	Sanford Health Network
Sanford North	Sanford Health Network North
Sanford West	Sanford Home Health
Sanford Health of Northern Minnesota	Sanford Health Foundation
Sanford Medical Center	Sanford Health Foundation North
Sanford Medical Center Fargo	Sanford Health Foundation West
Sanford Bismarck	Sanford Health Foundation of Northern Minnesota
Sanford Clinic	The Evangelical Lutheran Good Samaritan Foundation
Sanford Clinic North	The Evangelical Lutheran Good Samaritan Society

During 2020, a member of the obligated group, Sanford Living Centers, merged into Sanford Bismarck.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Such estimates include allowances for contractual adjustments and implicit price concessions (bad debts), medical and self-insured claims payable, post-retirement benefit obligations, and fair value measurement of assets and liabilities acquired through the business combination with the Society which affect the reported amounts and disclosures of assets and liabilities at the date of the balance sheets. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH Cash consists of deposits in banks and does not include any cash equivalents. At times, cash accounts exceeded federally insured limits. Management believes that the institutions where cash accounts are maintained are financially stable and that the credit risk related to deposits is minimal.

INVENTORIES Inventories are reported at lower of cost or market. Inventories include supplies, which are generally based on average cost method, and pharmaceuticals, which are based on the first-in, first-out cost method.

OTHER CURRENT AND NON-CURRENT ASSETS Other assets consist of prepaid expenses, beneficial interest in life estates, and the current and non-current portion of notes and contributions receivable.

INVESTMENTS AND INVESTMENT RETURN Sanford invests in various securities, including debt and equity instruments. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities could occur and such changes could materially affect the value of investments. Investments are stated at fair value of the underlying securities.

Investment return used to fund philanthropic initiatives is included in other operating revenue. All other investment return, including realized and unrealized gains and losses, are recorded as non-operating income, unless restricted by donors.

PROPERTY AND EQUIPMENT Land, land improvements, buildings, equipment (including software), and construction in process are reported at cost or market value at the time of purchase. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Land and land improvements	8-25 years
Buildings	20-40 years
Building equipment	5-25 years
Moveable equipment	3-20 years

Management annually reviews the carrying value of long-lived assets for potential impairment. There were no impairment losses during the years ended December 31, 2020 and 2019.

NON-OPERATING PROPERTY Non-operating property consists primarily of real estate held for future development. Real estate is recorded at cost or market value at the time of purchase.

RIGHT OF USE ASSET AND OPERATING LEASE LIABILITIES Sanford leases various facilities and equipment under non-cancelable operating leases expiring at various dates through December 2041 and records the corresponding right of use asset and operating lease liabilities on the balance sheet. Right of use asset is calculated as the lease liability plus any prepaid lease payments and initial direct costs, less any lease incentives. Renewal options to extend the lease term that are reasonably certain to be exercised are included in the measurement of leases. Operating lease liabilities are calculated as the present value of the remaining lease payments. Sanford excludes operating leases with terms of twelve months or less and includes any fixed non-lease components in lease measurement.

GOODWILL AND INTANGIBLE ASSETS Goodwill represents any excess of acquisition price over fair value of net assets acquired. The balance was $63,922 and $58,272 as of December 31, 2020 and 2019. The annual impairment test was performed resulting in no impairment charges for the years ended December 31, 2020 and 2019. Intangible assets are amortized over the terms of the agreements. The balance, net of accumulated amortization, was $20,981 and $24,861 as of December 31, 2020 and 2019.

NOTES RECEIVABLE As part of the recruitment process, notes with forgiveness provisions may be issued to certain providers and employees. Notes are repayable over periods varying from one to ten years and are issued at current interest rates. As of December 31, 2020 and 2019, notes receivable from providers and employees totaled $49,282 and $47,952, with balances due or to be forgiven within one year reported within other current assets and non-current balances outstanding reflected as notes receivable.

MEDICAL CLAIMS PAYABLE Medical claims payable represents the estimated amount payable to non-Sanford healthcare providers and includes claims reported and actuarial estimates of incurred but not reported claims. The liability for these medical benefits reflects management's best estimate and is based on historical payment patterns as well as recent utilization and cost trends. Actuarial adjustments are reflected in the operating results in the period in which the change in estimate is identified.

OTHER LIABILITIES Current portion of other liabilities, other accruals and deferred revenue, and other non-current liabilities primarily consist of professional and general liability claims reserves, workers' compensation insurance reserves, deferred revenue, premium deficiency reserves, asset retirement obligation, accrued taxes and interest, and current portion of operating leases and residential housing deposits.

DEFERRED COMPENSATION Sanford offers management and providers the ability to participate in non-qualified plans created in accordance with applicable provisions of the Internal Revenue Code. The plans permit deferral of salary, and the accumulated deferred compensation balance is not available to employees until a distributable event, as defined within the plan documents. All amounts of compensation deferred under the plans, and all income attributable to those amounts, are solely the property of Sanford until paid or made available to the employee or other beneficiary. The related assets are reported within assets whose use is limited at their fair market value, and the related liabilities are reported as non-current liabilities.

RESIDENTIAL HOUSING DEPOSITS Residential housing deposits received in advance for admittance into residential units typically have varying refundable portions based upon time restrictions and vacancy of the unit. The nonrefundable portion of the deposits are amortized into other operating revenue over the life expectancy of the occupant and fully recognized when the occupant vacates the unit.

NET ASSETS Net assets not subject to donor imposed stipulations are reflected as net assets without donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors to a specific purpose, period of time, or that must be maintained in perpetuity. Gifts and other resources with restrictions are recorded as direct additions to net assets with donor restrictions.

When a restriction is met, or a donor-imposed restriction changes, net assets are reclassified and reported as net assets released from restrictions within other operating revenue, non-operating income, or releases for acquisitions of property and equipment. Donor restricted gifts whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

NON-CONTROLLING INTEREST Sanford has less than 100% ownership in ten affordable housing tax credit limited partnerships and Good Samaritan Insurance Plan, LLC. Sanford controls these entities and accordingly has consolidated them into the financial statements for the years ended December 31, 2020 and 2019. The net assets attributed to the non-controlling partners are reported as net assets without donor restrictions - non-controlling interest.

OPERATING AND NON-OPERATING ACTIVITIES Income from operations includes all revenues and expenses related to core operations. The primary objective of operations is to meet the healthcare needs of individuals. All activities directly associated with this objective are considered operating activities. Non-operating items primarily include investment return, contributions from business combination, loss on extinguishment of debt, net rental income from non-operating property, and other expenses which largely consists of contributions expense and income taxes.

CHARITY CARE AND COMMUNITY BENEFITS Sanford provides care to patients and residents without charge or at amounts less than its established rates regardless of their ability to pay. These patients and residents meet criteria as defined by Sanford's charity care policies. Sanford does not pursue collection of amounts determined to qualify as charity care. Accordingly, these amounts are not reported as net patient revenue or net resident revenue. The total cost of charity care (estimated by applying an overall cost to charge ratio to the charges incurred) was $94,140 and $90,581 for the years ended December 31, 2020 and 2019.

Sanford also provides a variety of services and benefits designed to improve the health in the communities served. These benefits include education and promotion of health activities, civic involvement, community funding, and medical research.

PREMIUM REVENUE Premium revenue represents gross premiums earned in the year for which fully insured services are covered. Premium revenue includes amounts paid by employer groups and individual members, as well as state and federal governments. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive healthcare services. Premiums received in advance of a coverage period are recorded as other accrued liabilities.

OTHER OPERATING REVENUE Other operating revenue is primarily generated by pharmacies, reference labs, mobile diagnostic services, and various other retail or rental operations and are recognized when services are performed, or products are delivered. Other operating revenue also includes contributions without donor restrictions, grant revenue, and stimulus revenue related to COVID-19.

INTEREST EXPENSE Interest expense includes interest costs incurred on borrowed funds (net of interest income earned on investments held by trustee under bond indenture agreements), deferred financing costs, and fees paid to maintain assets held by trustees under indenture, remarketing, and liquidity facility agreements. Deferred financing costs are amortized over the period the obligation is outstanding using the effective interest method. Interest costs are capitalized during the construction of capital assets as a component of the cost of acquiring those assets, of which no interest costs were capitalized in the years ended December 31, 2020 and 2019.

INCOME TAXES Certain wholly owned subsidiaries are subject to income taxes. Deferred income tax assets and liabilities are recognized for the differences between the financial and income tax reporting basis of assets and liabilities based on enacted tax rates and laws. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination.

The deferred income tax provision or benefit generally reflects the net change in deferred income tax assets and liabilities during the year. Deferred tax assets of $5,745 and $4,761 have been recorded in other assets as of December 31, 2020 and 2019 and deferred tax liabilities of $55 have been recorded as other non-current liabilities as of December 31, 2019.

The current income tax provision reflects the tax consequences of revenues and expenses currently taxable or deductible on various income tax returns for the year reported. Sanford paid an insignificant amount of federal and state income taxes for the years ended December 31, 2020 and 2019.

NEW ACCOUNTING PRONOUNCEMENTS In February 2016, the FASB issued *Leases* (ASU No. 2016-02), which is intended to improve financial reporting related to leasing transactions, and in July 2018, the FASB issued *Leases, Targeted Improvements to ASC 842* (ASU 2018-11), which provides relief of implementing certain components of the new lease guidance. Through adoption of this guidance, effective January 1, 2019, Sanford elected the practical expedient package under ASC 842 which allows Sanford to dismiss reassessment of pre-existing contracts entered into prior to January 1, 2019 for determination if those contracts contain lease arrangements defined under the new guidance. Sanford also elected the practical expedient for combining lease and fixed non-lease components in lease measurement. As such, Sanford has measured all existing operating leases as of January 1, 2019 and applied the new guidance to any new contracts entered into after January 1, 2019, resulting in initial recognition of $93,404 right of use asset (net of deferred lease expense) and corresponding operating lease liabilities.

In November 2016, the FASB issued *Restricted Cash* (ASU No. 2016-18), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This guidance was effective for Sanford on January 1, 2019. As a result of the standard, Sanford has included cash equivalents within other current assets and assets whose use is limited with cash when reconciling the beginning of year and end of year amounts shown on the statement of cash flows.

In January 2017, the FASB issued *Business Combinations* (ASU No. 2017-01) effective January 1, 2019 for Sanford, which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of businesses. Sanford has evaluated and concluded that this standard does not significantly impact how Sanford reflects business combinations within its financial statements.

RECLASSIFICATIONS Certain prior year amounts have been reclassified to conform to the current year presentation relating to the discontinued operations of affordable housing projects, which is summarized in Note 20.

SUBSEQUENT EVENTS In March 2021, Sanford signed a $300 million gift agreement with a donor to support Sanford's initiatives and strategic vision. Sanford expects to receive the gift in various installments through December 2023.

Sanford has evaluated subsequent events through March 29, 2021, the date this report was issued, and no additional significant events have been identified.

3. NET PATIENT REVENUE, NET RESIDENT REVENUE, AND ACCOUNTS RECEIVABLE

Net patient revenue and net resident revenue are reported at estimated net realizable amounts from patients, residents, third-party payors, and others that Sanford expects to receive in exchange for providing patient and resident care. Sanford determines performance obligations based on the nature of the services provided. Revenue is recognized when those services are rendered and the patient, resident, or third-party payor is billed, usually in advance or within several days of service or discharge. For services provided over a period of time, such as inpatients receiving acute care services or residents receiving post-acute care services, revenue recognition begins when the patient or resident is admitted and concludes at the time of discharge. Remaining performance obligations relating to inpatient acute care services or resident post-acute care services as of December 31, 2020 will be satisfied in full in 2021. As a result, Sanford has applied the optional exemption provided in ASC 606-10-50-14(a) and is not required to disclose these amounts.

The initial estimate of net patient and resident revenue is determined by reducing the gross charge by contractual adjustments arising from various reimbursement arrangements with third-party payors and implicit price concessions (bad debts) provided to self-pay patients or residents for their respective responsibility. As a practical expedient, Sanford has elected to account for third-party payor, patient, and resident contracts as collective groups rather than individual contracts. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

Sanford grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. Sanford participates in Medicare, Medicaid, Blue Cross and other third-party payor programs. Contractual adjustments are accrued on an estimated basis in the period in which the services are rendered based on the respective contractual agreements and historical experience. Certain reimbursement arrangements are subject to retroactive audit, and as a result, there is a reasonable possibility that recorded estimates could change upon audit. Differences between amounts estimated and final settlements are included in operations in the year in which the differences become known.

Generally, patients and residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which Sanford estimates the corresponding ability to collect based on historical experience, current market conditions, and information gathered based on the patient or resident's ability to pay. Subsequent changes as a result of adverse changes in the patient or resident's ability to pay are recorded as bad debt expense within operating expenses. Subsequent changes to allowance for bad debts estimates for the years ended December 31, 2020 and 2019 were not material.

As part of Sanford's self-insured employee health plan benefit, net patient revenue of $103,639 and $98,550 was recognized for the years ended December 31, 2020 and 2019.

The percentage of net patient revenue, net resident revenue and net accounts receivable as of and for the years ended December 31 was as follows:

	Patient		Resident	
	2020	2019	2020	2019
Net revenue				
Medicare	33.5 %	33.0 %	16.8 %	15.2 %
Medicaid	11.6	10.3	47.5	45.6
Blue Cross	27.5	28.7	0.0	0.0
Other third-party payors	25.7	25.9	7.7	7.6
Self-pay and other	1.7	2.1	28.0	31.6
	100.0 %	100.0 %	100.0 %	100.0 %
Net accounts receivable				
Medicare	27.2 %	24.5 %	25.6 %	16.7 %
Medicaid	9.1	10.0	42.5	40.8
Blue Cross	20.9	21.6	0.0	0.0
Other third-party payors	29.2	28.0	21.7	25.0
Self-pay and other	13.6	15.9	10.2	17.5
	100.0 %	100.0 %	100.0 %	100.0 %

4. FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance, assets and liabilities recorded at fair value in the financial statements are categorized, for disclosure purposes, based upon whether the inputs used to determine their fair values are observable or unobservable. The authoritative guidance establishes a three-level value hierarchy for disclosure of fair value measurements that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under the ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Sanford has the ability to access.

Level 2 Inputs to the valuation methodology include directly or indirectly observable inputs other than level 1 inputs, such as quoted prices for similar instruments in active or inactive markets, quoted prices for identical instruments in inactive markets, or inputs that are observable or can be corroborated by observable market data. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and are related to the instruments that are supported by little or no market activity using pricing models, discounted cash flow methodologies, or similar valuation techniques.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Sanford's policy for recording transfers is at the end of the period for which the transfer happened. There were no transfers between levels during the years ended December 31, 2020 and 2019.

The following is a description of the valuation methodologies used for assets measured at fair value.

Financial assets include short-term investments and debt service funds in other current assets, investments, and assets whose use is limited and are recorded at their estimated fair value. Fair values of debt and equity securities are based on quoted market prices, where available. Information is obtained from custodians of the financial instruments and their third-party pricing services to establish fair value, which generally uses quoted or other observable inputs for the determination of fair value. The information is reviewed, and for many instruments whose pricing inputs are readily observable in the market, the valuation methodology is accepted by market participants and involves little to no judgment. For instruments whose pricing inputs are less observable in the marketplace, inputs can be subjective in nature and involve uncertainties. Management uses this information to distribute the instruments among the three-level hierarchy.

Changes in the reported market values and returns are compared to relevant market indices to test the reasonableness of the reported fair values of the underlying debt and equity securities. This internal review of fair value methodology has not historically resulted in adjustment in the process obtained from the custodians.

Fair values of debt securities that do not trade on a regular basis in active markets but are priced using other observable inputs are classified as level 2.

Fair value estimates for level 1 and level 2 equity securities are based on quoted market prices for actively traded equity securities or other market data for the same or comparable instruments and transactions in establishing the prices. Generally, level 2 fixed income securities are valued based on quoted prices for similar instruments, including the assets held in the defined benefit plans as referenced in Note 12. There were no financial assets recorded at fair value classified as level 3 as of December 31, 2020 and 2019.

Financial assets measured at fair value, as of December 31, are summarized in the following tables:

	2020		
	Level 1	Level 2	Total
Assets			
Money market funds	$ 251,280	$ -	$ 251,280
Certificates of deposit	-	1,760	1,760
Equity mutual and exchange traded funds	142,138	-	142,138
Mutual funds (related to deferred compensation)	178,170	-	178,170
Fixed income mutual and exchange traded funds	467,717	-	467,717
U.S. government securities	27,101	-	27,101
Government sponsored enterprise securities	-	13,281	13,281
Government sponsored enterprise mortgage backed securities	-	20,549	20,549
Corporate debt securities	-	695,480	695,480
Municipal bonds	-	316,401	316,401
Other	-	13,868	13,868
Total assets valued at fair value	$ 1,066,406	$ 1,061,339	2,127,745
Investments recorded at fair value based on net asset value			99,807
			$ 2,227,552
Assets reported as			
Short-term investments			$ 292,678
Investments			1,752,701
Assets whose use is limited			
Debt service funds in other current assets			217
Regulatory and reserve funds			1,674
Resident funds			2,112
Deferred compensation funds			178,170
			$ 2,227,552

	2019		
	Level 1	Level 2	Total
Assets			
Money market funds	$ 137,938	$ -	$ 137,938
Certificates of deposit	-	36,571	36,571
Equity mutual and exchange traded funds	126,847	-	126,847
Mutual funds (related to deferred compensation)	150,571	-	150,571
Fixed income mutual and exchange traded funds	413,089	-	413,089
U.S. government securities	36,256	-	36,256
Government sponsored enterprise securities	-	51,395	51,395
Government sponsored enterprise mortgage backed securities	-	13,757	13,757
Corporate debt securities	-	625,249	625,249
Municipal bonds	-	330,015	330,015
Other	-	16,662	16,662
Total assets valued at fair value	$ 864,701	$ 1,073,649	1,938,350
Investments recorded at fair value based on net asset value			98,400
			$ 2,036,750
Assets reported as			
Short-term investments			$ 352,564
Investments			1,528,362
Assets whose use is limited			
Debt service funds in other current assets			1,742
Regulatory and reserve funds			2,355
Resident funds			1,156
Deferred compensation funds			150,571
			$ 2,036,750

A portion of Sanford's investment portfolio is in alternative investments, which are not readily marketable and are valued at net asset value (NAV). Unless it is probable that all or a portion of the investment will be sold for an amount other than NAV, Sanford has concluded that the NAV approximates fair value. The calculation of NAV for certain alternative investment holdings use market valuation techniques that include operating performance, market, and cost approaches relying heavily on management assumptions and qualitative observations.

These alternative investments include domestic and global equities and real estate private equity funds. Domestic and global equities include investments in certain domestic and global healthcare technologies and companies. Real estate investments include a diversified portfolio primarily focused on opportunities in the acquisition, development, redevelopment, operation, and management of real estate properties, primarily in the hospitality industry.

As of December 31, alternative investments recorded at NAV consisted of the following:

	NAV		Unfunded Commitments	
	2020	2019	2020	2019
Domestic and global equities	$ 76,562	$ 73,755	$ 12,734	$ 9,308
Real estate private equities	23,245	24,645	-	-
	$ 99,807	$ 98,400	$ 12,734	$ 9,308

There are limited provisions for Sanford to liquidate these alternative investments. In addition, there are additional unfunded commitments not disclosed above that are contingent upon the respective entity's successful completion of certain progress activities.

5. LIQUIDITY AND AVAILABILITY

As part of Sanford's cash management policy, cash and investments feature a high degree of safety and liquidity to support general expenditures and debt service within one year in the normal course of operations. Financial assets available within one year as of December 31 consisted of the following:

	2020	2019
Cash	$ 370,695	$ 189,315
Short-term investments	292,678	352,564
Accounts receivable, less allowances	682,554	684,236
Debt service funds in other current assets	217	1,742
Notes and contributions receivable in other current assets	22,321	22,693
Investments, less alternative investments	1,652,894	1,429,962
	$ 3,021,359	$ 2,680,512

Although Sanford has net assets with donor restrictions that are generally supported by liquid financial assets, the respective financial assets are also available for general expenditure within one year in the normal course of operations and accordingly have been included in the summary above. Financial assets such as assets whose use is limited and non-current notes and contributions receivable are not available for general expenditure and debt service within the next year and are not reflected in the amounts above.

As of December 31, 2020 and 2019, Sanford is in compliance with bond covenants as disclosed in Note 14.

6. INVESTMENT RETURN

The following schedule summarizes investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended December 31:

	2020	2019
Without donor restrictions - other operating revenue		
Dividend and interest income	$ 32,541	$ 32,723
Without donor restrictions - non-operating income		
Dividend and interest income	29,667	32,228
Net realized (loss) gain on sales of investments	(11,491)	3,876
Unrealized gain	69,810	82,678
	87,986	118,782
With donor restrictions		
Dividend and interest income	3,664	3,336
Net realized gain on sales of investments	229	365
Unrealized gain	9,648	16,034
	13,541	19,735
	$ 134,068	$ 171,240

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consisted of the following:

	2020	2019
Land and land improvements	$ 529,113	$ 508,146
Buildings	3,346,881	3,344,784
Building equipment	455,123	413,198
Movable equipment	1,481,466	1,466,977
Construction in process	88,684	100,267
	5,901,267	5,833,372
Accumulated depreciation	(2,979,174)	(2,898,007)
	$ 2,922,093	$ 2,935,365

8. INVESTMENT IN JOINT VENTURES

Sanford records investments in joint ventures using the equity method, which reflects the investment at cost, net of Sanford's share of earnings, losses, and distributions. Earnings and losses are included within other non-operating income. As of December 31, 2020 and 2019, investments in joint ventures consisted of organizations in which Sanford's ownership interest ranges from 10% to 50%. The collective financial position of the joint ventures as of December 31 is as follows:

	2020	2019
Total assets	$ 138,556	$ 135,436
Total operating revenues	89,437	88,751
Income (loss) from operations	1,997	(2,247)

Sanford's share of net gains (losses), new equity contributions, and distributions received from joint ventures are summarized for the years ended December 31 as follows:

	2020	2019
Net gain (loss) on investments in joint ventures	$ 229	$ (2,271)
New equity contributions into joint ventures	2,823	3,284
Distributions received from joint ventures	1,102	1,177

9. CONTRIBUTIONS RECEIVABLE

Contributions are recorded at the time an unconditional promise to give is received and are discounted at rates ranging from 0.25% to 5.00%. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Contributions receivable as of December 31 consisted of the following:

	2020	2019
Contributions maturities		
Within one year	$ 5,242	$ 6,057
One to five years	9,181	9,932
Thereafter	3,130	2,821
	17,553	18,810
Less present value discount and uncollectible allowance	(2,163)	(1,463)
	$ 15,390	$ 17,347
Contributions restrictions		
Without donor restrictions - controlling interest	$ 1,879	$ 3,013
With donor restrictions	13,511	14,334
	$ 15,390	$ 17,347

10. MEDICAL CLAIMS PAYABLE

Medical claims payable and claims activity, net of reinsurance, as of and for the years ended December 31 consisted of the following:

	2020		
	Current Year	Prior Year	Total
Beginning of year claims payable	$ -	$ 92,207	$ 92,207
Incurred claims	671,741	(15,200)	656,541
Paid claims	(590,231)	(69,070)	(659,301)
Retrospective contract reserves	-	(5,124)	(5,124)
End of year claims payable	$ 81,510	$ 2,813	$ 84,323

	2019		
	Current Year	Prior Year	Total
Beginning of year claims payable	$ -	$ 84,315	$ 84,315
Incurred claims	651,002	(15,520)	635,482
Paid claims	(553,229)	(68,282)	(621,511)
Retrospective contract reserves	(6,079)	-	(6,079)
End of year claims payable	$ 91,694	$ 513	$ 92,207

11. OPERATING LEASES

Future payments due under operating leases are as follows:

Years ending December 31,		
2021	$	24,128
2022		24,869
2023		18,377
2024		12,623
2025		8,124
Thereafter		31,016
		119,137
Less present value discounts		(38,047)
	$	81,090

Operating lease liabilities are calculated as the present value of the remaining lease payments. The weighted average discount rate for operating leases is 5% for the years ended December 31, 2020 and 2019. The weighted-average remaining lease term for operating leases is 6.3 years for the year ended December 31, 2020. Lease expense associated with operating leases was $26,198 and $28,419 for the years ended December 31, 2020 and 2019.

12. PENSION PLANS

DEFINED CONTRIBUTION RETIREMENT PLANS Sanford has defined contribution retirement plans that are available to all eligible employees who do not participate in a defined benefit pension plan. Employer contributions are based on a percentage of annual compensation and employee level of contributions. Employee and employer contributions are deposited with the plan trustee who invests the plan assets. Defined contribution retirement costs of $105,392 and $95,030 were recognized as part of salaries and benefits for the years ended December 31, 2020 and 2019.

DEFINED BENEFIT PENSION PLANS Sanford has defined benefit pension plans that provide benefits based on years of service and compensation (the “Master Plan and the “Bismarck Plan”). The plans are closed to new participants; however, each plan has active employees accruing benefits.

OBLIGATION AND FUNDED STATUS Defined benefit pension obligations and funded status are measured as of December 31, and changes for the years then ended are as follows:

	Master Plan		Bismarck Plan	
	2020	2019	2020	2019
Change in benefit obligation				
Benefit obligation, beginning of year	$ 227,031	$ 203,627	$ 139,649	$ 121,628
Service cost	1,175	1,189	1,380	1,167
Interest cost	7,341	8,521	4,619	5,153
Actuarial loss	18,313	24,387	12,469	17,662
Benefits paid	(11,451)	(10,693)	(6,276)	(5,961)
Benefit obligation, end of year	$ 242,408	$ 227,031	$ 151,841	$ 139,649
Change in plan assets				
Fair value of plan assets, beginning of year	$ 188,266	$ 163,804	$ 115,472	$ 99,757
Actual gain on plan assets	16,790	25,915	12,365	17,776
Employer contributions	9,240	9,240	3,300	3,900
Benefits paid	(11,451)	(10,693)	(6,276)	(5,961)
Fair value of plan assets, end of year	$ 202,845	$ 188,266	$ 124,862	$ 115,472
Funded status				
Benefit obligation in excess of plan assets	$ 39,564	$ 38,765	$ 26,979	$ 24,177
Amounts recognized in net assets without donor restrictions consisting of net actuarial loss	$ 69,388	$ 63,732	$ 23,218	$ 16,574
Accumulated benefit obligation	$ 240,914	$ 223,465	$ 144,514	$ 133,507
Weighted average of assumptions used to determine end of year obligations				
Discount rate	2.50 %	3.30 %	2.55 %	3.35 %
Rate of compensation increase	3.00 %	3.00 %	3.00 %	3.00 %

COMPONENTS OF NET PERIODIC PENSION COST

	Master Plan		Bismarck Plan	
	2020	2019	2020	2019
Service cost	$ 1,175	$ 1,189	$ 1,380	$ 1,167
Interest cost	7,341	8,521	4,619	5,153
Expected return on plan assets	(10,881)	(10,401)	(6,831)	(5,917)
Amortization of actuarial loss	6,749	4,167	290	-
Net periodic pension cost	$ 4,384	$ 3,476	$ (542)	$ 403
Weighted average of assumptions used to determine net periodic cost				
Discount rate	3.30%	4.30%	3.35%	4.30%
Plan assets expected long-term rate of return	6.00%	6.00%	6.00%	6.00%
Rate of compensation increase	3.00%	3.00%	3.00%	3.00%

The above assumptions were established by working with an independent actuary. Service cost is included in salaries and benefits expense and all other components of the net periodic pension cost are included in other expenses within non-operating income.

PLAN ASSETS The pension plan weighted-average asset allocations by asset category as of December 31, was as follows:

	Master Plan		Bismarck Plan	
	2019	2018	2019	2018
Equity investments	33 %	34 %	33 %	33 %
Debt investments	65	63	66	67
Cash equivalents	2	3	1	-
	100 %	100 %	100 %	100 %

Sanford's policy is to maintain a balanced mix between debt and equity investments in order to maximize its long-term rate of return while producing cash flows required for benefit payments. The expected long-term rate of return for all plans is based on historical experience and management believes this will be an appropriate rate of return going forward.

Financial assets of the qualified plans were measured at fair value on a recurring basis as of December 31 and are summarized in the following tables by type of inputs (see Note 4) applicable to the fair value measurements:

	2020 - Master Plan		
	Level 1	Level 2	Total
Money market funds	$ 2,523	$ -	$ 2,523
Certificates of deposit	-	841	841
Equity mutual and exchange traded funds	66,894	-	66,894
Fixed income mutual and exchange traded funds	36,020	-	36,020
U.S. government securities	8,144	-	8,144
Government sponsored enterprise securities	-	5,432	5,432
Government sponsored enterprise mortgage backed securities	-	3,335	3,335
Corporate debt securities	-	47,211	47,211
Municipal bonds	-	31,562	31,562
Other	-	882	882
	$ 113,581	$ 89,263	$ 202,844

	2020 - Bismarck Plan		
	Level 1	Level 2	Total
Money market funds	$ 540	$ -	$ 540
Equity mutual and exchange traded funds	41,665	-	41,665
Fixed income mutual and exchange traded funds	82,657	-	82,657
	$ 124,862	$ -	$ 124,862

	2019 - Master Plan		
	Level 1	Level 2	Total
Money market funds	$ 4,830	$ -	$ 4,830
Certificates of deposit	-	807	807
Equity mutual and exchange traded funds	63,225	-	63,225
Fixed income mutual and exchange traded funds	27,846	-	27,846
U.S. government securities	9,555	-	9,555
Government sponsored enterprise securities	-	11,029	11,029
Government sponsored enterprise mortgage backed securities	-	4,716	4,716
Corporate debt securities	-	38,246	38,246
Municipal bonds	-	27,103	27,103
Other	-	909	909
	$ 105,456	$ 82,810	$ 188,266

	2019 - Bismarck Plan		
	Level 1	Level 2	Total
Money market funds	$ 382	$ -	$ 382
Equity mutual and exchange traded funds	37,907	-	37,907
Fixed income mutual and exchange traded funds	77,183	-	77,183
	$ 115,472	$ -	$ 115,472

Sanford expects to recognize $3,531 of amortization of net actuarial loss for the year ending December 31, 2021.

BENEFIT PAYMENTS The following benefits are expected to be paid:

	Master Plan	Bismarck Plan
Years ending December 31,		
2021	$ 11,957	$ 6,560
2022	12,472	6,839
2023	12,902	7,167
2024	13,169	7,506
2025	13,315	7,794
Thereafter	66,721	41,032
	$ 130,536	$ 76,898

The expected contributions to be made for the defined benefit plans for the year ending December 31, 2021 are $9,240 for the Master Plan and $3,600 for the Bismarck Plan.

13. RESIDENTIAL HOUSING DEPOSITS

Residential housing deposits as of December 31 consisted of the following:

	2020	2019
Refundable portion	$ 127,587	$ 123,291
Non-refundable portion	18,621	20,058
Total residential housing deposits	146,208	143,349
Less current portion	(14,902)	(15,180)
	$ 131,306	$ 128,169

14. LONG-TERM DEBT

Long-term debt as of December 31 consisted of the following:

	2020	2019
Bonds payable	$ 1,355,683	$ 1,480,144
Promissory notes payable	91,790	19,272
Capital lease obligations	3,045	3,964
Net unamortized bond premiums and deferred financing costs	86,116	91,878
Total debt	1,536,634	1,595,258
Less current maturities	(63,390)	(63,443)
Total long-term portion of debt	$ 1,473,244	$ 1,531,815

Bonds payable as of December 31, 2020 consisted of the following:

	Interest Structure	Interest Rate	Final Maturity	Outstanding Principal
Obligated Group				
Series 1997	Variable	2.09%	November 2027	$ 2,975
Series 2000	Variable	2.09%	November 2025	1,505
Series 2004B	Variable	2.69%	November 2034	13,325
Series 2010	Fixed	3.38%	December 2025	1,656
Series 2012A	Fixed	2.74%	September 2024	17,080
Series 2012B	Fixed	2.88%	September 2031	26,620
Series 2012C	Fixed	3.46%	September 2024	1,925
Series 2012D	Fixed	2.64%	September 2032	30,090
Series 2012E	Fixed	4.00% to 5.00%	November 2042	120,000
Series 2014A	Fixed	4.00%	November 2034	52,000
Series 2014B	Fixed	4.00% to 5.00%	November 2044	169,020
Series 2015	Fixed	4.00% to 5.00%	November 2045	159,560
Series 2016	Fixed	1.92%	November 2026	30,000
Series 2019A	Fixed	4.00% to 5.00%	November 2049	343,245
Series 2019B	Fixed	2.08% to 3.85%	November 2049	376,340
North Country Senior Living				
Series 2008	Fixed	5.15%	December 2038	4,135
Series 2009	Fixed	5.15%	December 2038	6,207
				$ 1,355,683

Notes payable as of December 31, 2020 consisted of the following:

	Interest Structure	Interest Rates	Final Maturity	Outstanding Principal
Obligated Group				
Bank notes	Fixed	1.52% to 5.60%	November 2030	$ 77,789
Other	Fixed	0.00% to 2.85%	June 2031	14,001
				$ 91,790

All note obligations related to bond issues are secured by security interests in gross receipts excluding grants, bequests, and donations which are designated as to purpose.

The Obligated Group has obtained liquidity facilities related to $645 of the Series 1997 Note Obligations in the form of a Standby Bond Purchase Agreement with The First National Bank in Sioux Falls, which expires November 1, 2022. Under the Standby Bond Purchase Agreement, The First National Bank in Sioux Falls is required, subject to certain conditions, to purchase the Series 1997 Bonds that have been tendered for purchase and not remarketed, unless the Obligated Group has provided sufficient funds to pay the purchase price. The Obligated Group is providing its own internal liquidity support for $2,330 of the Series 1997 Note Obligations and $1,505 of the Series 2000 Note Obligation in the event respective bonds are tendered for purchase and not remarketed. Principal in the amount of $4,158 and $6,953 as of December 31, 2020 and 2019 related to these obligations has been classified as a current maturity of long-term debt.

Payment of the principal of the Series 2004B Note Obligations plus up to 60 days interest are secured by an irrevocable direct payment letter of credit, issued by U.S. Bank National Association, at the request of the Obligated Group. Draws on the letter of credit are due 367 days after the draw. The letter of credit expires November 1, 2024.

Debt agreements contain various restrictive covenants related to profitability, financial position and additional indebtedness, among others, as defined in the agreements. Sanford was in compliance with financial covenants as of December 31, 2020 and 2019.

Scheduled principal payments of long-term debt as of December 31, 2020 are as follows:

	Bonds Payable	Notes Payable	Finance Lease Obligations	Total
Years ending December 31,				
2021	$ 42,102	$ 10,756	$ 1,392	$ 54,250
2022	43,363	11,102	1,434	55,899
2023	44,589	11,644	727	56,960
2024	45,051	12,219	-	57,270
2025	47,066	14,783	-	61,849
Thereafter	1,133,512	31,286	-	1,164,798
Less interest	-	-	(508)	(508)
	$ 1,355,683	$ 91,790	$ 3,045	$ 1,450,518

15. COMMITMENTS AND CONTINGENCIES

PROFESSIONAL LIABILITY Sanford carries professional and general liability insurance through a combination of self-insured retention and commercial insurance carriers. The current claims made policy provides for a self-insured retention for both professional and general liability with up to a $14,000 annual aggregate as of December 31, 2020.

Excess coverage of $80,000 for hospital and clinics and $110,000 for senior care is provided by various carriers and layers. The excess coverage provides a dedicated excess limit of coverage for professional and general liability claims from other liability coverage, such as workers' compensation, aviation, auto, and ambulance liability, all of which are covered by the excess insurance program.

WORKERS' COMPENSATION Sanford has limited its losses to a maximum of $1,000 of any one workers' compensation occurrence. Amounts accrued as current portion of other liabilities and other non-current liabilities and charged to expense include plan expenses and estimated losses of claims incurred that will be paid based on prior claims experience. North Dakota Sanford sites are insured through the state operated North Dakota Workforce Safety and Insurance program.

GROUP HEALTH INSURANCE BENEFIT For eligible employees who elect to participate, Sanford provides a self-funded insurance program for health benefits. Sanford accrues expense equal to its portion of estimated plan liabilities and has limited its losses on individual claims to $1,000 per member per year through a stop-loss reinsurance agreement.

GUARANTEES The Members of the Obligated Group unconditionally guarantee the principal and interest payments of a loan made to a non-owned nonprofit organization in which Sanford leases facilities from. The guarantee is secured by mortgages on real and personal property of the nonprofit organization. The principal amount of the guaranteed indebtedness was $1,295 as of December 31, 2020. No liability related to this guarantee have been recorded on Sanford's consolidated financial statements as of December 31, 2020.

OTHER COMMITMENTS AND CONTINGENCIES Under the laws of the states of South Dakota, North Dakota, Nebraska, and Minnesota, Sanford is required to maintain a minimum net worth based on the Company Action Level of Risk-Based Capital for the fully insured business lines. Sanford has met the minimum net worth requirements.

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to the government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Management believes that Sanford is in substantial compliance with current laws and regulations.

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include net assets subject to the passage of time, expenditures for specific purposes, and net assets to be held in perpetuity, which consisted of the following as of December 31:

	2020	2019
Net assets subject to the passage of time		
Affordable housing capital advances - held for sale	$ 37,328	$ 37,328
Net assets subject to expenditures for specific purposes		
Women's health	63,979	63,663
Senior care	13,753	14,893
Children’s fitness	10,177	11,352
Affordable housing projects - held for sale	872	888
Programs, services and equipment	107,201	98,186
	195,982	188,982
Net assets to be held in perpetuity		
Endowments, income restricted by donors	107,742	104,064
Endowments, income not restricted by donors	5,428	5,742
	113,170	109,806
Net assets with donor restrictions	$ 346,480	$ 336,116

See Note 20 for further information on net assets associated with affordable housing capital advances and projects held for sale.

Changes in net assets with donor restrictions that are to be held in perpetuity for the years ended December 31 were as follows:

	2020	2019
Beginning of year	$ 109,805	$ 84,846
Contributions	2,970	4,896
Investment income (loss) and other	395	(268)
Contributions from business combination	-	20,332
End of year	$ 113,170	$ 109,806

Available endowment earnings are appropriated in accordance with donor restrictions. There were no deficiencies reported in net assets with donor restrictions as of December 31, 2020.

Net assets are released from restrictions by incurring expenses or acquiring property and equipment that meet the requirements of donor restrictions. Net assets released from restrictions for the years ended December 31 for the various purposes are as follows:

	2020	2019
Operating expenses	$ 15,647	$ 19,374
Property and equipment	2,834	5,058
	$ 18,481	$ 24,432

17. FUNCTIONAL EXPENSES

Sanford provides general healthcare and senior care services to meet these needs of individuals. The statements of operations report expenses based on natural classification that are attributable to more than one program or support function. In order to present expenses on a functional basis, each department's purpose is evaluated and analyzed, and expenses are attributed to the respective function accordingly. The costs of providing program and other activities on a functional basis for the years ended December 31, are as follows:

	2020					
	Healthcare	Senior Care	Health Plan	Research and Other	General	Total
Salaries and benefits	$ 2,378,684	$ 576,901	$ 23,922	$ 54,035	$ 320,507	$ 3,354,049
Supplies	982,604	84,674	250	30,066	4,521	1,102,115
Purchased services and other	478,855	175,042	75,961	50,948	145,136	925,942
Medical claims	-	-	676,541	-	-	676,541
Depreciation and amortization	139,624	59,358	142	15,763	29,925	244,812
Interest	32,422	22,706	-	223	2,209	57,560
Total	$ 4,012,189	$ 918,681	$ 776,816	$ 151,035	$ 502,298	$ 6,361,019

	2019					
	Healthcare	Senior Care	Health Plan	Research and Other	General	Total
Salaries and benefits	$ 2,337,078	$ 559,307	$ 24,991	$ 55,711	$ 220,616	$ 3,197,703
Supplies	900,777	76,642	2,333	35,161	10,468	1,025,381
Purchased services and other	467,530	183,382	47,890	38,883	157,203	894,888
Medical claims	-	-	635,482	-	-	635,482
Depreciation and amortization	137,887	66,212	177	12,415	23,646	240,337
Interest	36,886	24,781	143	285	945	63,040
Total	$ 3,880,158	$ 910,324	$ 711,016	$ 142,455	$ 412,878	$ 6,056,831

Healthcare, senior care, health plan, and research and other are program services. Research and other program services includes weight management retail stores, research, and other health related services. Fundraising expenses are included in general in the above summary.

18. BUSINESS COMBINATION

On January 1, 2019, Sanford became the sole corporate member of the Society through an affiliation agreement and as a result, recognized the fair value of the Society's net assets during the year ended December 31, 2019 as inherent contributions from business combination. In valuing the respective assets and liabilities, fair values were based on independent valuation assessments.

The fair value of the Society's assets acquired, and liabilities assumed as of January 1, 2019 were as follows:

Cash and investments	$	443,052
Accounts receivable, less allowances		97,086
Assets whose use is limited		97,001
Other assets		67,471
Property and equipment - net		1,291,955
Current liabilities		(171,867)
Other liabilities		(158,749)
Debt		(778,132)
	$	887,817

19. COVID-19 DISCLOSURE

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (COVID-19) a global pandemic. In response, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program and Health Care Enhancement (PPPHCE) Act, allocating funding to individuals or businesses affected by the pandemic and economic downturn. Certain measures of the Acts are aimed directly at supporting healthcare organizations. The recognition of amounts received by healthcare organizations are conditioned upon the provision of care for individuals with actual or possible cases of COVID-19 and a certification that the funds will only be used to prevent, prepare for, and respond to the coronavirus. Depending on the specific terms and conditions of the funds received, payments shall only reimburse for healthcare expenses or lost revenues that are attributable to COVID-19 and not otherwise reimbursed by other sources.

As of December 31, 2020, Sanford had received $323,984 in CARES Act and PPPHCE Act stimulus funds, made up of $281,018 in federal provider relief and rural health clinic testing relief funds and $42,966 in state pass through coronavirus relief funds. These distributions are not subject to repayment, provided Sanford is able to attest to and comply with the terms and conditions of the funding received and subsequently comply with the reporting requirements required by the Department of Health and Human Services ("HHS") for provider relief funds. Sanford has attested to the terms and conditions of the total funding received as of December 31, 2020. Due to HHS updating the reporting requirements for provider relief funds numerous times throughout 2020 that significantly changed the rules and interpretations of the use of funds received, and recognizing that further rule and interpretation changes may be forthcoming in 2021, Sanford recognized $273,145 in the statement of operations as other operating revenue or non-operating income as of December 31, 2020. The remaining unrecognized funds are reflected as deferred revenue within current liabilities.

20. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

In November 2020, Sanford executed a letter of intent with a qualified buyer to divest of its affordable housing line of business. The divestiture is pending regulatory approval and will take place on a location by location basis throughout 2021. All assets and liabilities associated with affordable housing projects have been classified as held for sale and loss from operations classified as discontinued operations within the statement of operations as of and for the years ended December 31, 2020 and 2019, which is further summarized below. All related footnotes have been updated to reflect assets and liabilities held for sale and discontinued operations treatment.

	2020	2019
Assets held for sale		
Cash	$ 2,988	$ 2,679
Other current assets	787	790
Assets whose use is limited	9,924	8,900
Property and equipment - net	85,523	89,631
Other assets	368	386
Total assets held for sale	$ 99,590	$ 102,386
Liabilities held for sale		
Current liabilities and non-current liabilities	$ 2,823	$ 2,827
Current and long-term debt	33,609	37,296
Total liabilities held for sale	$ 36,432	$ 40,123
Net assets		
Without donor restrictions - controlling interest	$ 1,001	$ 1,377
Without donor restrictions - non-controlling interest	23,957	22,670
With donor restrictions	38,200	38,216
Total net assets	$ 63,158	$ 62,263
Loss from discontinued operations		
Operating revenues	$ 15,345	$ 15,075
Operating expenses	17,103	16,965
Non-operating (expense) income	(73)	20
Loss from discontinued operations	$ (1,831)	$ (1,870)

Long-term debt held for sale as of December 31 consisted of the following:

	2020	2019
Notes payable	$ 35,402	$ 39,177
Net unamortized bond premiums and deferred financing costs	(1,793)	(1,881)
Total debt	$ 33,609	$ 37,296

Affordable housing long-term debt primarily includes mortgages financed or insured by the U.S. Department of Housing and Urban Development.

Net assets with donor restrictions include $37,328 of capital advances from the U.S. Department of Housing and Urban Development as of December 31, 2020 and 2019. Capital advances bear no interest, and repayment is not required as long as the applicable affordable housing projects remain available for very low-income elderly persons for a stated period (principally 40 years). Upon closing of the transaction, these capital advances will transfer to the buyer.

* * * * * *

SUPPLEMENTAL CONSOLIDATING INFORMATION

SANFORD

CONSOLIDATING SCHEDULE OF BALANCE SHEETS
AS OF DECEMBER 31, 2020
(In thousands)

	Obligated Group	North Country Senior Living	Affordable Housing	Other	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	$ 265,694	$ 545	$ -	$ 104,456	$ -	$ 370,695
Short-term investments	241,739	-	-	50,939	-	292,678
Accounts receivable, less allowances	667,907	-	-	76,882	(62,235)	682,554
Inventories	116,176	12	-	18,823	-	135,011
Other current assets	77,440	15	-	9,365	-	86,820
Total current assets	1,368,956	572	-	260,465	(62,235)	1,567,758
ASSETS HELD FOR SALE	12,056	-	99,590	-	(12,056)	99,590
INVESTMENTS	1,459,113	-	-	293,588	-	1,752,701
ASSETS WHOSE USE IS LIMITED	181,045	-	-	911	-	181,956
PROPERTY AND EQUIPMENT — NET	2,804,809	6,039	-	111,245	-	2,922,093
OTHER ASSETS						
Right of use asset	60,524	-	-	18,657	-	79,181
Investment in joint ventures	40,913	-	-	151	-	41,064
Non-operating property	104,595	-	-	27,356	-	131,951
Goodwill and intangible assets	75,065	-	-	9,838	-	84,903
Notes receivable	36,455	-	-	14,061	-	50,516
Other assets	54,821	-	-	16,039	-	70,860
Total other assets	372,373	-	-	86,102	-	458,475
TOTAL ASSETS	$ 6,198,352	$ 6,611	$ 99,590	$ 752,311	$ (74,291)	$ 6,982,573

See notes to consolidated financial statements.

SANFORD

CONSOLIDATING SCHEDULE OF BALANCE SHEETS
AS OF DECEMBER 31, 2020
(In thousands)

	Obligated Group	North Country Senior Living	Affordable Housing	Other	Eliminations	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current maturities of long-term debt	$ 63,048	$ 342	$ -	$ -	$ -	$ 63,390
Current portion of other liabilities	62,920	-	-	14,540	-	77,460
Accounts payable	127,138	17	-	17,838	(10,131)	134,862
Accrued compensation and benefits	310,992	-	-	3,883	(16,081)	298,794
Medical claims payable	-	-	-	120,346	(36,023)	84,323
Other accruals and deferred revenue	166,740	-	-	27,457	-	194,197
Total current liabilities	730,838	359	-	184,064	(62,235)	853,026
LIABILITIES HELD FOR SALE	-	-	48,488	-	(12,056)	36,432
OTHER LIABILITIES						
Operating leases	45,679	-	-	14,182	-	59,861
Deferred compensation	177,026	-	-	-	-	177,026
Defined benefit pension	66,543	-	-	-	-	66,543
Residential housing deposits	131,306	-	-	-	-	131,306
Other non-current liabilities	55,683	-	-	69,580	-	125,263
Total other liabilities	476,237	-	-	83,762	-	559,999
LONG-TERM DEBT, LESS CURRENT MATURITIES	1,463,390	9,854	-	-	-	1,473,244
Total liabilities	2,670,465	10,213	48,488	267,826	(74,291)	2,922,701
COMMITMENTS AND CONTINGENCIES (NOTE 15)						
NET ASSETS						
Without donor restrictions - controlling interest	3,220,125	(3,602)	(11,055)	481,765	-	3,687,233
Without donor restrictions - non-controlling interest	-	-	23,957	2,202	-	26,159
With donor restrictions	307,762	-	38,200	518	-	346,480
Total net assets	3,527,887	(3,602)	51,102	484,485	-	4,059,872
TOTAL LIABILITIES AND NET ASSETS	$ 6,198,352	$ 6,611	$ 99,590	$ 752,311	$ (74,291)	$ 6,982,573

See notes to consolidated financial statements.

SANFORD

CONSOLIDATING SCHEDULE OF BALANCE SHEETS
AS OF DECEMBER 31, 2019
(In thousands)

	Obligated Group	North Country Senior Living	Affordable Housing	Other	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	$ 98,689	$ 1,550	$ -	$ 89,076	$ -	$ 189,315
Short-term investments	297,824	-	-	54,740	-	352,564
Accounts receivable, less allowances	655,760	-	-	79,166	(50,690)	684,236
Inventories	85,899	12	-	19,699	-	105,610
Other current assets	74,707	16	-	5,391	-	80,114
Total current assets	1,212,879	1,578	-	248,072	(50,690)	1,411,839
ASSETS HELD FOR SALE	12,637	-	102,386	-	(12,637)	102,386
INVESTMENTS	1,252,855	-	-	275,507	-	1,528,362
ASSETS WHOSE USE IS LIMITED	153,142	-	-	941	-	154,083
PROPERTY AND EQUIPMENT — NET	2,792,226	6,503	-	136,636	-	2,935,365
OTHER ASSETS						
Right of use asset	78,298	-	-	8,700	-	86,998
Investment in joint ventures	47,046	-	-	195	(8,627)	38,614
Non-operating property	98,722	-	-	28,596	-	127,318
Goodwill and intangible assets	79,375	-	-	3,758	-	83,133
Notes receivable	38,457	-	-	1,302	-	39,759
Other assets	51,100	-	-	18,692	-	69,792
Total other assets	392,998	-	-	61,243	(8,627)	445,614
TOTAL ASSETS	$ 5,816,737	$ 8,081	$ 102,386	$ 722,399	$ (71,954)	$ 6,577,649

See notes to consolidated financial statements.

SANFORD

CONSOLIDATING SCHEDULE OF BALANCE SHEETS
AS OF DECEMBER 31, 2019
(In thousands)

	Obligated Group	North Country Senior Living	Affordable Housing	Other	Eliminations	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current maturities of long-term debt	$ 63,122	$ 322	$ -	$ -	$ -	$ 63,444
Current portion of other liabilities	65,180	-	-	13,412	-	78,592
Accounts payable	131,468	34	-	17,150	(411)	148,241
Accrued compensation and benefits	291,201	-	-	6,660	(13,020)	284,841
Medical claims payable	-	-	-	129,304	(37,097)	92,207
Other accruals and deferred revenue	63,698	8	-	30,459	(130)	94,035
Total current liabilities	614,669	364	-	196,985	(50,658)	761,360
LIABILITIES HELD FOR SALE	-	-	52,792	-	(12,669)	40,123
OTHER LIABILITIES						
Operating leases	53,465	-	-	6,052	-	59,517
Deferred compensation	173,165	-	-	-	-	173,165
Defined benefit pension	62,942	-	-	-	-	62,942
Residential housing deposits	127,965	-	-	204	-	128,169
Other non-current liabilities	64,554	-	-	36,719	-	101,273
Total other liabilities	482,091	-	-	42,975	-	525,066
LONG-TERM DEBT, LESS CURRENT MATURITIES	1,521,618	10,197	-	-	-	1,531,815
Total liabilities	2,618,378	10,561	52,792	239,960	(63,327)	2,858,364
COMMITMENTS AND CONTINGENCIES (NOTE 15)						
NET ASSETS						
Without donor restrictions - controlling interest	2,901,693	(2,480)	(11,292)	479,528	(8,627)	3,358,822
Without donor restrictions - non-controlling interest	-	-	22,670	1,677	-	24,347
With donor restrictions	296,666	-	38,216	1,234	-	336,116
Total net assets	3,198,359	(2,480)	49,594	482,439	-	3,719,285
TOTAL LIABILITIES AND NET ASSETS	$ 5,816,737	$ 8,081	$ 102,386	$ 722,399	$ (63,327)	$ 6,577,649

See notes to consolidated financial statements.

SANFORD

CONSOLIDATING SCHEDULE OF STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands)

	Obligated Group	North Country Senior Living	Affordable Housing	Other	Eliminations	Total
OPERATING REVENUES						
Net patient revenue	$ 3,798,554	$ -	$ -	$ 114,730	$ (301,759)	$ 3,611,525
Net resident revenue	815,009	-	-	-	(5,633)	809,376
Premium revenue	-	-	-	1,067,439	-	1,067,439
Other operating revenue	1,077,379	3,622	-	109,783	(25,011)	1,165,773
Total operating revenues	5,690,942	3,622	-	1,291,952	(332,403)	6,654,113
OPERATING EXPENSES						
Salaries and benefits	3,235,195	2,293	-	134,110	(17,549)	3,354,049
Supplies	1,046,229	280	-	55,638	(32)	1,102,115
Purchased services and other	772,300	652	-	161,117	(8,127)	925,942
Medical claims	-	-	-	983,236	(306,695)	676,541
Depreciation and amortization	234,988	484	-	9,340	-	244,812
Interest	56,807	571	-	182	-	57,560
Total operating expenses	5,345,519	4,280	-	1,343,623	(332,403)	6,361,019
INCOME (LOSS) FROM OPERATIONS	345,423	(658)	-	(51,671)	-	293,094
NON-OPERATING INCOME (EXPENSE)						
Investment return (loss)	66,475	(7)	-	21,518	-	87,986
Loss on extinguishment of debt	(5,163)	-	-	-	-	(5,163)
Other expenses	(28,323)	-	-	(9,616)	-	(37,939)
Net non-operating income (expense)	32,989	(7)	-	11,902	-	44,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS	378,412	(665)	-	(39,769)	-	337,978
(Loss) income from discontinued operations	(244)	-	(1,596)	9	-	(1,831)
Plus deficiency (less excess) of revenues over expenses attributable to non-controlling interest	-	-	2,076	(346)	-	1,730
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST	378,168	(665)	480	(40,106)	-	337,877
Net assets released from restrictions for acquisitions of property and equipment	2,818	-	16	-	-	2,834
Pension plan related changes	(12,300)	-	-	-	-	(12,300)
Transfers	(50,254)	(457)	(259)	42,343	8,627	-
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST	$ 318,432	$ (1,122)	$ 237	$ 2,237	$ 8,627	$ 328,411

See notes to consolidated financial statements.

SANFORD

CONSOLIDATING SCHEDULE OF STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands)

	Obligated Group	North Country Senior Living	Affordable Housing	Other	Eliminations	Total
OPERATING REVENUES						
Net patient revenue	$ 3,767,997	$ -	$ -	$ 116,330	$ (281,608)	$ 3,602,719
Net resident revenue	788,753	-	-	48,029	(4,085)	832,697
Premium revenue	-	-	-	979,964	-	979,964
Other operating revenue	707,310	3,703	-	111,911	(24,402)	798,522
Total operating revenues	5,264,060	3,703	-	1,256,234	(310,095)	6,213,902
OPERATING EXPENSES						
Salaries and benefits	3,047,182	2,195	-	168,546	(20,220)	3,197,703
Supplies	960,933	273	-	64,870	(695)	1,025,381
Purchased services and other	760,524	649	-	137,702	(3,987)	894,888
Medical claims	-	-	-	920,675	(285,193)	635,482
Depreciation and amortization	230,544	602	-	9,191	-	240,337
Interest	59,559	586	-	2,895	-	63,040
Total operating expenses	5,058,742	4,305	-	1,303,879	(310,095)	6,056,831
INCOME (LOSS) FROM OPERATIONS	205,318	(602)	-	(47,645)	-	157,071
NON-OPERATING INCOME (EXPENSE)						
Investment return (loss)	89,262	(6)	-	29,526	-	118,782
Contributions from business combination	744,482	-	(4,946)	45,696	-	785,232
Loss on extinguishment of debt	(76,731)	-	-	(979)	-	(77,710)
Other expenses	(42,713)	-	-	(12,678)	-	(55,391)
Net non-operating income (expense)	714,300	(6)	(4,946)	61,565	-	770,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS	919,618	(608)	(4,946)	13,920	-	927,984
Loss from discontinued operations	(443)	-	(1,406)	(21)	-	(1,870)
Plus deficiency of revenues over expenses attributable to non-controlling interest	-	-	1,941	622	-	2,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST	919,175	(608)	(4,411)	14,521	-	928,677
Net assets released from restrictions for acquisitions of property and equipment	4,998	-	-	60	-	5,058
Pension plan related changes	(10,509)	-	-	-	-	(10,509)
Transfers	(81,573)	1,516	(6,017)	86,074	-	-
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST	$ 832,091	$ 908	$ (10,428)	$ 100,655	$ -	$ 923,226

See notes to consolidated financial statements.

1. OBLIGATED GROUP

Sanford and certain of its wholly owned entities have entered into a first amended and restated Master Trust Indenture (MTI) dated November 1, 2019. Members of the Obligated Group are jointly and severally obligated for the debt issued and guaranteed under the MTI. Sanford, as Obligated Group Agent, together with the following are members of the Obligated Group as of December 31, 2020:

Sanford Health
Sanford North
Sanford West
Sanford Health of Northern Minnesota
Sanford Medical Center
Sanford Medical Center Fargo
Sanford Bismarck
Sanford Clinic
Sanford Clinic North
Sanford Health Network
Sanford Health Network North
Sanford Home Health
Sanford Health Foundation
Sanford Health Foundation North
Sanford Health Foundation West
Sanford Health Foundation of Northern Minnesota
The Evangelical Lutheran Good Samaritan Foundation
The Evangelical Lutheran Good Samaritan Society

During 2020, a member of the obligated group, Sanford Living Centers, merged into Sanford Bismarck.

2. BASIS OF PRESENTATION

The consolidating schedules of balance sheets and statements of operations are prepared on a basis of accounting consistent with the audited consolidated financial statements and are presented for additional analysis of various transactions within the overall organization. The amounts presented for the Obligated Group do not include the Parent’s interests in controlled entities on a consolidated basis.

As of December 31, 2019, investment in joint ventures of the Obligated Group included $8,627 of net assets of wholly owned subsidiaries of Sanford. All material intercompany balances and transactions have been eliminated for consolidating purposes.

* * * * * *